

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 1905 – HB 1876

March 31, 2014

SUMMARY OF ORIGINAL BILL: Requires the Tennessee Student Assistance Corporation (TSAC) to award a STEP UP scholarship to students enrolled in an eligible postsecondary program in FY13-14, who are in their second year of study, and who would have qualified for a STEP UP scholarship in their first year of study if the STEP UP program had been in effect. Authorizes such students to receive the scholarship for one year, provided they met certain continuation requirements under Tenn. Code Ann. § 49-4-943(c) after their first year of study. Requires TSAC to make the scholarship award retroactively if the student completes the program or the award was not made prior to the effective date of this bill.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –

\$24,000/One-Time/Lottery for Education Account

SUMMARY OF AMENDMENT (012570): Deletes all language of the original bill. Authorizes students who were enrolled in an eligible postsecondary institution in FY13-14, who are in their second year of study, and who meet the requirements of Tenn. Code Ann. § 49-4-943 to receive a STEP UP scholarship in FY13-14. Such students shall not be required to be initially entering an eligible postsecondary program in order to receive an award. The Tennessee Student Assistance Corporation (TSAC) shall require students to apply within a designated time frame and notify all postsecondary institutions of the provisions of application requirements and timeframes. Requires postsecondary institutions to notify potentially eligible students and their parents or guardians of the opportunity to apply for the scholarship for the 2013-2014 academic year. Postsecondary institutions shall also send TSAC the names and addresses of students who are potentially eligible for the STEP UP scholarship and the names and addresses of such students and their parents and guardians. Requires TSAC to notify potentially eligible students and their parents or guardians of their eligibility. TSAC shall award the STEP UP scholarships as soon as possible after the effective date of this act.

SB 1905 – HB 1876 (CORRECTED)

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On February 18, 2014, a fiscal memorandum was issued for the bill as amended with a following estimated fiscal impact:

Unchanged from the original fiscal note.

On March 28, 2014, Fiscal Review Committee staff received additional information from the Tennessee Student Assistance Corporation and the Legislative Budget Office. Based on research by the Fiscal Review Committee staff and the new information from the aforementioned parties, the fiscal impact has been corrected as follows:

(CORRECTED)

Increase State Expenditures - \$24,000/FY13-14/Lottery for Education Account

Other Fiscal Impact – The fiscal note for Public Chapter 483 of 2013 stated that there would be a recurring increase in state expenditures from the Lottery for Education Account of \$192,000 beginning in FY13-14. That fiscal impact assumed the six students who would be awarded a scholarship pursuant to this bill as amended would receive a STEP-UP scholarship in FY13-14 pursuant to Public Chapter 483. However, that assumption was in error. According to TSAC, at least \$24,000 appropriated for Public Chapter 483 in 2013 is available in FY13-14 for this bill as amended.

Assumptions for the bill as amended:

- TSAC estimates six students will receive a one-time STEP UP scholarship.
- Each student will receive a \$4,000 scholarship.
- The one-time increase in state expenditures from the Lottery for Education Account is estimated to be \$24,000 (\$4,000 x 6). Such expenditure of funds will occur as soon as possible after the effective date of this act.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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